

Sub

KIENA GOLD MINES LIMITED



ANNUAL REPORT

1968

KIENA GOLD MINES LIMITED

Executive Office

7 King Street East
Toronto

Mine Office

Val d'Or, Quebec

Officers

J. P. MILLENBACH
President

G. T. N. WOODROOFFE
Vice-President

A. C. CALLOW
Secretary

J. T. McWHIRTER
Treasurer

Directors

D. S. KERBY

G. P. MITCHELL

G. N. MOORE

J. R. SMITH

W. T. SWENSEN

G. T. N. WOODROOFFE

Transfer Agent and Registrar

CROWN TRUST COMPANY
302 Bay Street, Toronto
393 St. James St. W., Montreal

Auditors

CLARKSON, GORDON & Co.
Toronto

Annual Meeting

Upper Canada Room,
King Edward Sheraton Hotel,
Toronto
Thursday, May 22, 1969
10:30 o'clock a.m.
(Toronto Time)

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

The financial statements of your Company as at December 31, 1968 and the Auditors' Report thereon are submitted herewith.

Expenditures during the year consisted largely of costs related to maintaining the property in good standing and keeping the plant and equipment on the property on a care and maintenance basis.

Further work is entirely dependent on future events including among other things a substantial increase in the price of gold. In the meantime a re-evaluation of the deposit has been instituted.

On behalf of the Board,

J. R. SMITH,
President.

Toronto, Ontario,
April 25, 1969.

AUDITORS' REPORT

To the Shareholders of
Kiena Gold Mines Limited:

We have examined the balance sheet of Kiena Gold Mines Limited as at December 31, 1968 and the statements of development and other expenditures and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 26, 1969.

CLARKSON, GORDON & Co.,
Chartered Accountants.

KIENA GOLD MINES LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET — DECEMBER 31, 1968

	ASSETS	1968	1967
Current:			
Cash		\$ 59,633	\$ 58,569
Accounts receivable		22,613	31,725
		<u>82,246</u>	<u>90,294</u>
Fixed (note 1):			
Buildings, machinery and equipment, at cost		143,298	142,706
Mining claims and properties, at cost		332,456	333,576
		<u>475,754</u>	<u>476,282</u>
Other (note 1):			
Development and other expenditures (statement 2) (note 2)		2,928,328	2,920,516
Deposit for electric power		12,808	12,840
		<u>2,941,136</u>	<u>2,933,356</u>
		<u>\$3,499,136</u>	<u>\$3,499,932</u>

LIABILITIES

Accounts payable		\$ 283	\$ 1,079
Long term:			
6% income debentures due December 31, 1977-1978 (note 3)		250,000	250,000
Shareholders' equity:			
Share capital (note 3) —			
Authorized:			
2,500,000 6% non-voting preference shares with a par value of \$1.00 each (cumulative until December 31, 1968), redeemable at par			
5,000,000 common shares without par value			
Issued:			
2,467,459 preference shares		2,467,459	2,467,459
4,876,848 common shares		895,786	895,786
		<u>3,363,245</u>	<u>3,363,245</u>
Less deficit (unchanged during the year)		114,392	114,392
		<u>3,248,853</u>	<u>3,248,853</u>
		<u>\$3,499,136</u>	<u>\$3,499,932</u>

(See accompanying notes)

On behalf of the Board:

J. R. SMITH, Director.

G. T. N. WOODROOFFE, Director.

KIENA GOLD MINES LIMITED

STATEMENT OF DEVELOPMENT AND OTHER EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1968

	1968	1967
Balance, beginning of year	\$2,920,516	\$2,997,459
Expenditures during the year:		
General expense at the property	11,500	14,320
Administrative and corporate expenses	3,929	4,291
Loss (gain) on disposal of fixed assets	(484)	8,187
	<u>14,945</u>	<u>26,798</u>
Salvage revenue	(6,681)	(68,321)
Non-operating revenue	(452)	(35,420)
	<u>(7,133)</u>	<u>(103,741)</u>
Increase (decrease) during the year	7,812	(76,943)
Balance, end of year	<u>\$2,928,328</u>	<u>\$2,920,516</u>

(See accompanying notes)

STATEMENT 3

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1968

	1968	1967
Source of funds:		
Salvage and non-operating revenue	\$ 7,133	\$ 103,741
Refund of deposit	32	250
Proceeds from sale of fixed assets	1,604	8,582
	<u>8,769</u>	<u>112,573</u>
Application of funds:		
Development and other expenditures	14,945	26,798
Less loss (gain) on disposal of fixed assets, a charge (credit) which in itself did not result in an outlay (receipt) of funds	(484)	8,187
	<u>15,429</u>	<u>18,611</u>
Additions to fixed assets (net)	592	
	<u>16,021</u>	<u>18,611</u>
Increase (decrease) in funds during the year	(7,252)	93,962
Working capital, at beginning of year	89,215	(4,747)
Working capital, at end of year	<u>\$ 81,963</u>	<u>\$ 89,215</u>

(See accompanying notes)

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1968

1. All work at the mine has ceased and the recovery of any expenditures made to date is entirely dependent upon future events including among other things a substantial increase in the price of gold.
2. Development and other expenditures include a total of \$2,416,973 in respect of which the tax benefits are claimable by other companies.
3. At December 31, 1965 arrears of dividends on the preferred shares amounted to \$163,796 and interest on the income debentures which is cumulative but payable only out of profits, amounted to \$38,605. All of these securities are owned by Falconbridge who has agreed to waive its right to receive the benefit of any further accruals of interest or dividends on these securities, after December 31, 1965 until a decision has been reached to place the company's property in production or to re-organize its capital. All preference shares outstanding must be redeemed before any dividends are paid on the common shares.
4. Remuneration of senior officers (as defined under the Corporations Act of Ontario) amounted to \$4,709 in 1968. No amounts were paid to directors in 1968.